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13-17 January 1997, New York

FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

Follow-up to report to the third regular session, paragraph 92

COST SEGMENTS AT UNDP HEADQUARTERS

1. At the third regular session of the Executive Board held in New York, 9-13 September 1996, one delegation speaking for itself and on behalf of 11 others referred to the Note by the Administrator on Follow-up to the report on the annual session regarding cost segments at headquarters. The delegations appreciated the information provided and requested the Administrator to submit a short paper containing information on the evolution of cost elements at headquarters, including how they related to UNDP programme expenditures.

2. The attached table extracts headquarters cost paid for by the General Resources of UNDP under (a) the core and (b) programme support and development activities (PSDA) appropriation lines for the period 1992-1997. The figures, presented by major object of expenditure category, cover: cost of staff broken down between salaries and wages and common staff costs; rent and other relevant expenses. Included in common staff costs is approximately $9.5 million per biennium for reimbursement of income tax.

3. The table shows the 1992-1993 and 1994-1995 actual expenditures and projected expenditures for 1996-1997. The projected expenditures are based on the first revision to the 1996-1997 approved appropriations as reflected in Executive Board decision 96/41. The data provided show the effect of the budget strategies followed by UNDP since 1991 to contain costs at headquarters. The expenditures in the 1996-1997 biennium are estimated to be within 2 per cent of the actual expenditures in 1992-1993. This means that inflation and other mandatory cost increases over the period have indeed been absorbed and that, consequently, the budgets were significantly reduced in real terms. The major part of the reduction took the form of a decrease in staff at New York headquarters by 32 per cent for the core component of the budget.

4. Programme expenditures charged to resources of UNDP (excluding trust funds, cost-sharing and Government cash counterpart) amounted to $1.6 billion in 1992-1993, $1.1 billion in 1994-1995 and is projected to be $1.4 billion for 1996-1997.

HEADQUARTERS EXPENDITURE 1992-1997
(UNDP resources by object code of expenditure category)
(Millions of US dollars)

Biennial budget, headquarters:	Actual expenditure			Projected expenditure
Object of expenditure category	1990-1991	1992-1993	1994-1995	1996-1997
Salaries and wages	66.3	66.5	68.5	71.7
Common staff costs	39.9	45.4	45.4	40.8
Subtotal	106.2	111.9	113.9	112.5
Travel on official business	3.6	5.0	4.8	4.6
Contractual services	4.1	5.2	5.9	5.1
General operating expenses				
Rental and maintenance of premises	10.8	12.6	13.0	14.9
Alterations	1.2	0.5	0.8	0.4
Utilities	1.0	1.0	1.1	1.1
Subtotal	13.0	14.1	14.9	16.4
Communications	6.0	6.6	6.0	6.0
Other	3.0	2.6	3.9	3.6
Subtotal	22.0	23.3	24.8	26.0
Supplies and materials	1.5	1.5	1.5	1.7
Acquisition of furniture and equipment	3.2	3.5	2.6	3.3
Reimbursements	8.0	8.8	8.6	9.3
Grand total	148.6	159.2	162.1	162.5

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THE UNITED NATIONS DEVELOPMENT FUND FOR WOMEN

EXECUTIVE BOARD DECISION 96/43

SUMMARY

In accordance with Executive Board decision 96/43, the present paper contains a review of the validity of the partial funding system and its applicability to the United Nations Development Fund for Women (UNIFEM). In addition, it presents a brief description of full and partial funding modalities for determining programme approval levels. It also includes a proposal that the Board may wish to consider to establish a modified partial funding system for UNIFEM which would allow the Fund to rebuild its programme and provide for larger programmes of longer duration that can have a more sustained impact within the Fund's sub-programme areas.

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I. INTRODUCTION

1. The present paper has been prepared in response to Executive Board decision 96/43, in which the Board requested, inter alia, that a proposal for setting programme approval levels for UNIFEM be provided to the Board at its first regular session in 1997. The paper presents a brief review of the concepts inherent in full and partial funding modalities for setting these levels and of the previous partial funding systems used by UNIFEM. It then presents, for the consideration of the Board, a revised methodology for determining approval levels and an associated operational reserve level under a partial funding modality, consistent with the present resource situation of UNIFEM. This methodology, which has been developed in full consultation with the Division of Finance (DOF) of the United Nations Development Programme (UNDP), will allow UNIFEM to meet administrative costs and resume normal multi-year programming in 1997 at a level consistent with its income estimates.

II. FULL FUNDING SYSTEM

2. Within the UNDP family of special funds, both full and partial funding systems are used to set programme approval levels. The full approval system, which is used by the Office to Combat Desertification and Drought and the Revolving Fund for Natural Resources Exploration, requires that all programming activities be funded entirely from liquidity available at the time of approval of projects and programmes. Such resources must remain in liquid investment until full disbursement is achieved. Hence, if project or programme expenditures are limited to the budgets originally established, risk of overspending income received is limited to cases where expenditures exceed the budgeted amount. There is currently no requirement to establish an operational reserve under a full funding system.

III. PARTIAL FUNDING SYSTEM

3. Under a partial funding system, a fund is authorized to approve programme activities against anticipated income in excess of actual liquidity. This allows a project to be funded from resources mobilized during the life of the project. A partial funding system is now in use by the United Nations Capital Development Fund. A partial funding system was established for UNIFEM pursuant to Governing Council decision 88/42. In 1989, DOF commissioned the firm Deloitte and Touche to review, inter alia, the implementation of the partial funding system approved for UNIFEM in Governing Council decision 88/42. On the basis of this study, the UNIFEM partial funding methodology was modified by the Council in its decision 90/42. This system remained in force until 1995.

4. The original partial funding system approved in 1988 set maximum total programme funding levels during a given year equal to the balance of resources carried over from the previous year plus two years of future income, minus ongoing project budgets. Future income was forecasted to be equal to the income received during the previous year. An operational reserve was set to cover

about one year of project expenditures, which were estimated at 45 per cent of total project budgets in present and future years.

5. The 1990 study by Deloitte and Touche stated that the decision to undertake a partial funding system of determining programme approval levels must be based on the reliability of future income, which is directly related to the degree of dependency on a few large donors. Income levels derived from a broad donor base, where each donor provides proportionately less, are thereby less vulnerable to overall fluctuations should contributions by any one donor change. Likewise, the narrower the donor base, the more likely that overall income levels will fluctuate widely, either up or down, as the contributions of individual donors change. An operational reserve held in liquid investment that cannot be programmed is the primary tool to protect a fund against downward fluctuations, enabling it to meet its project commitments if income levels decline.

6. As in the case of UNDP, the UNIFEM operational reserve is established to cover the following situations:

(a) Downward fluctuations or shortfalls in reserves;

(b) Uneven cash flows;

(c) Increases in actual costs as compared to planning estimates or fluctuations in delivery;

(d) Other contingencies that result in a loss of resources for which UNDP has made commitments for programming (UNDP Financial Rules and Regulations, Regulation 12.2).

7. The study by Deloitte and Touche recommended, inter alia: (a) a more complex set of calculations with regard to funds availability and reserve, using a sliding scale of percentages applied to future annual project budgets and (b) differentiated coefficients to apply to commitments in ongoing projects, and to new projects. The reserve was to be recalculated twice a year. The estimate of the availability of funds for new programmes was based on future income derived from a regression analysis, minus outstanding programme commitments and administrative costs.

8. The new model also increased the required level of the operational reserve to about 60 per cent of total project budgets rather than the level of 45 per cent based on the concept of total anticipated expenditure used in the past.

IV. CHARACTERISTICS OF THE UNIFEM FINANCIAL SITUATION RELEVANT TO DETERMINING APPROPRIATE PROGRAMMING LEVELS

9. A partial funding system of setting programme approval levels for UNIFEM was adopted at a time when the Fund had built up relatively large cash balances that had not been programmed and when income levels were assessed to be stable, with a good potential for increase. While the former condition is no longer the case, income levels are relatively constant with potential for growth; however, the overall downward trend in development cooperation levels cannot be discounted in assessing potential income in the case of UNIFEM.

10. The need for a partial funding system for UNIFEM is even greater than in the past. It is estimated at the time of writing the present report that UNIFEM will carry forward a cash balance of only $0.8 million from 1996 to 1997, not including the operational reserve established at $3 million in late 1996. Under a full funding modality, UNIFEM would be unable to initiate any new activities in 1997 until such time as contributions are actually received. The challenge in this situation, then, is to develop a system that is conservative yet allows partial programming in advance of receipt of all of the funds required. Such a system must be developed with the following issues in mind:

(a) Diversity of donor base and consequent vulnerability to income fluctuation. Over the last three years, the donor base situation of UNIFEM is such that 31 per cent of the income received originated from one donor; 51 per cent from the 3 largest donors; and 75 per cent from the 6 largest donors. Its vulnerability to income fluctuation is, therefore, very high, making a standard partial funding approach inappropriate;

(b) Reliability of pledges and short-term income estimates as predictors of actual income. Recent experience of UNIFEM has shown that income can be estimated with a high degree of accuracy based on the information received during the annual pledging conference and direct contacts with donors (see table). There is, therefore, limited risk in approving project expenditures during the upcoming year based on that estimate.

Actual income as a percentage of estimated income

Year	Pledge ($ millions)	Received ($ millions)	Percentage
1991	9.4	10.6	112.08
1992	8.4	9.9	117.09
1993	11.3	9.9	7.06
1994	10.1	9.8	97.00
1995[a]	11.5	11.5	100.00

[a] This does not include $3.5 million in extraordinary contributions provided in response to the financial situation of UNIFEM in that year.

(c) Need to maintain an acceptable level of activity in programme countries. The demand for UNIFEM support in programme countries must be met as fully as possible, within the parameters of sound financial management. This implies a level of programme funding that is only slightly less than the resources available for this purpose. A build-up of cash reserves apart from an operational reserve is not to the advantage of UNIFEM programme partners;

(d) Need to programme on a multi-year basis. Programme effectiveness is increased by the ability of UNIFEM to develop programmes of a duration of up to three years since this provides for larger programmes of longer duration that can have a more sustained impact within the UNIFEM sub-programme areas;

(e) Actual expenditures are consistently less than approved budgets. Based on current experience, the assessment of UNIFEM management is that actual expenditure will be about 80 per cent of the project budgets for a given year (see annex);

(f) Purposes of operational reserve. Under low cash balances, the operational reserve would need to serve mainly as a buffer against (i) income level fluctuations from year to year and (ii) liquidity fluctuations from month to month, given irregular income flows throughout the year.

V. PROPOSED PARTIAL FUNDING SYSTEM

11. In consideration of the above, it is proposed that UNIFEM adopt a modified partial funding modality to determine its programme approval levels and associated operational reserve balance. The following variables would be included in the formulae to determine programme approval and operational reserve levels:

(a) Estimated income to general resources, calculated on the basis of the pledging conference results and direct consultation with donors (I);

(b) Balance of general resources carried over from the previous year (B);

(c) Administrative budget. The estimate of the next three years will be by default equal to three times the current year. UNIFEM management will submit any adjustments from that estimate to UNDP for approval (AB);

(d) Budgets of ongoing projects rephased from previous years into the present year, plus budgets of ongoing projects for the year in question (OPB);

(e) Delivery rate, i.e., estimated proportion of current year approved budgets actually disbursed during the year (D).

12. It is proposed that the maximum approval level (AL) for programming over a three-year period be set in December of each year, using a conservative estimate of income realization for the next three years, minus administrative costs for that same period. A very conservative estimate of income to be realized for the first year would be equal to the estimated income for that year, calculated on the basis of the pledging conference results and direct consultation with

donors. The estimate for the second year would be equal to 50 per cent of the estimated income of the first year while the estimate for the third year would be equal to 25 per cent of the estimated income of the first year (i.e., 50 per cent of the estimate for the previous year).

$$AL = (1+0.5+0.25) \times I-AB$$

If the income stream were to become more diverse and hence less dependent on a small group of donors, the amount of resources in future years that could be programmed could be increased from the present coefficients for the second and third years. The present levels represent a very conservative approach, consistent with the existing characteristics of the donor base. As conditions change, UNIFEM management, in consultation with Division of Finance, might reconsider the income estimates to be used, and present them to the Executive Board for consideration.

13. The amount available for total new approvals over the programme period is obtained by subtracting the total value of the budgets of ongoing projects for present and future years from the maximum approval level. The operational reserve (OR) would be set at the annual average expenditure over the programming period, i.e., one third of the maximum programme approval level times the estimated delivery rate.

$$OR = AL/3 \times D$$

14. The programme expenditure ceiling (EC) for the current year would be set so as not to exceed the total estimated resources available for that year (balance of general resources brought forward from the previous year plus estimated income) minus administrative costs. As the operational reserve level will fluctuate with changes in the approval levels, any additions or reductions to the reserve must also be taken into account in determining the programme expenditure ceiling. This ceiling would therefore be calculated as:

$$EC = B + I - AD +/- \text{changes to the OR}$$

The annual ceiling for new project budgets approvals (AC) in the present year is set on the basis of this expenditure ceiling by:

(a) Subtracting the budgets of ongoing projects for the current year, including amounts rephased from the previous year (OPB); and

(b) Taking into account the estimated delivery rate of UNIFEM (80 per cent) and consequently adjusting the project budget approval ceiling upwards to allow as much programming as possible, without exceeding available resources.

$$AC = 1/D \times \{EC-(OPB)\}$$

15. As stated above, the UNIFEM operational reserve will serve two main purposes: (a) to cover any short-term shortfalls between expenditures and liquidity from month to month and (b) to provide a hedge against downward income fluctuations from year to year. It is proposed that the following procedure be

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adopted. UNIFEM will monitor the operational reserve and report on it quarterly to the Office of the Administrator and Director of the Bureau for Finance and Administration. If it appears that the level of the reserve cannot be maintained at the close of the year, the Administrator will inform the Executive Board, stating the reasons justifying the use of the reserve and the steps that UNIFEM intends to take to address the problem. The functioning of the partial funding system, including the operational reserve level, will be the subject of a management review by UNIFEM and DOF every December. The appropriate levels for the coming years will be determined at that time.

VI. OPERATIONAL IMPLICATIONS

16. The operational implications for the approach proposed for 1997 are as follows: Given estimated income for 1997 of $13 million, maximum approval level for 1997 would be $13.2 million (1.75 x 13 - 3 x 3.2 = 13.2). The operational reserve would be $3.5 million (13.2/3 x .8). In 1997, the programme expenditure ceiling would be $10.1 million (0.8 + 13 - 3.2 -.5). Since UNIFEM will have $4.7 million in budgets of ongoing projects, the maximum ceiling for new project approvals will be $8.5 million (13.2-4.7) while the ceiling for new project budgets in 1997 will be $6.8 million (1.25(10.1 - 4.7). Given a delivery rate of 80 per cent, this level of programming, plus the budgets of ongoing projects, will not exceed the expenditure ceiling of $10.1 million for 1997. It is anticipated that there will be a fund balance at the end of 1997 of approximately $1 million. A resource planning table for 1996-1999 based on this approach is contained in the annex.

17. The Executive Board may wish to:

endorse the methodology for determining project approval and operational reserve levels for the United Nations Development Fund for Women under the partial funding modality.

Annex

Table 1. RESOURCE PLANNING TABLE FOR UNIFEM, 1996-1999

(In millions of United States dollars)

	1996	1997	1998	1999
I. AVAILABILITY OF RESOURCES				
A. Resources from previous year	4.1	0.8[a]	0.9[a]	0.8[a]
B. Resources made available during the year				
Voluntary contributions	12.7	12.6	13.0	13.0
Cost-sharing	N/A	N/A	N/A	N/A
Donations	0.2	0.2	0.2	0.2
Interest and other income	0.3	0.2	0.2	0.2
	13.2	13.0	13.4	13.4
Total available resources	17.3	13.8	14.3	14.2
II. UTILIZATION OF RESOURCES				
A. Resources committed				
Project expenditure ceiling[b]	10.3	9.2	10.1	10.3
Administrative budget	3.2	3.2	3.2	3.2
	13.5	12.4	13.3	13.5
B. Increase (decrease) in operation reserve	3.0	0.5	0.2	___
Total utilization of resources	16.5	12.9	13.5	13.5
III. FUND BALANCE AT THE YEAR END (I-II)[c]	0.8	0.9	0.8	0.7

[a] Exclusive of operational reserve.

[b] Includes reimbursement of programme support costs.

[c] Fund balance consists of available resources exclusive of the operational reserve.

Table 2. OTHER FINANCIAL INDICATORS 1996-1999

(In millions of United States dollars)

	1996	1997	1998	1999
I. PROJECT BUDGETS LIMITS				
A. Budget ceiling for approved projects[a]	13.6	13.2	13.9	13.9
B. Budgets of ongoing projects for the current year (including rephased budgets)	7.6	4.7	4.0	3.8
C. Amount available for new project budgets	6.0	8.5	9.9	10.1
II. CEILING FOR NEW PROJECTS BUDGETED DURING THE YEAR	6.0	6.8	8.6	9.0
III. TOTAL CURRENT YEAR PROJECT BUDGETS[b]	13.6	11.5	12.6	12.8
IV. OPERATIONAL RESERVE[c]	3.0	3.5	3.7	3.7
V. MAXIMUM DELIVERY RATE	75.7	80.0	80.0	80.0
Annual project expenditures as percentage of annual project budgets.				

[a] AL = 1.75 x total available resources minus 3 years administrative budget.

[b] IB + II.

[c] Total approved budget ceiling divided by 3 x delivery rate.

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FOLLOW-UP TO ECONOMIC AND SOCIAL COUNCIL RESOLUTION 1995/56: STRENGTHENING OF THE COORDINATION OF EMERGENCY HUMANITARIAN ASSISTANCE

I. INTRODUCTION

1. The present paper has been prepared in response to resolution 1995/56 of the Economic and Social Council. It presents a review of issues concerning the role and operational responsibilities, as well as the operative and financial capacities of UNDP to respond, within its mandate, in the context of broad and comprehensive humanitarian programmes, bearing in mind section VII of the annex to General Assembly resolution 46/182 and the indicative list of issues contained in the annex to Council resolution 1995/56.

2. At the Executive Board annual session 1996, UNDP was asked to provide further clarification regarding the role of UNDP in such areas as IDPs, demobilization and demining. In the context of the discussion related to the implementation of the successor programming arrangements, UNDP was also requested to discuss the proposed guidelines developed for use of line 1.1.3 with the Inter-Agency Standing Committee (IASC), in particular the proposal to develop common strategic frameworks to guide resource allocation, and to report to the Executive Board on the outcome of these discussions. This proposal was seen to require clarification as it related to existing funding mechanisms, including the Inter-Agency Consolidated Appeals Process. It was also suggested that the proposal by UNDP to strengthen the coordination function in response to sudden crises be discussed among agencies (DP/1996/19).

3. In response to the requests of the Executive Board, an overview of current progress and plans for further work are presented here as supplemental to the reports of the Administrator at the Executive Board annual session 1996 (DP/1996/18/Add.2 and DP/1996/21). It will also provide a basis for the contribution of UNDP to the preparation of the report of the Secretary-General

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to the substantive session of the Economic and Social Council of 1997 in response to Council resolution 1995/56.

II. ROLE AND RESPONSIBILITIES

4. The central role of UNDP in the field of sustainable development and its support to the resident coordinator system provide it with a significant comparative advantage in responding to the needs of countries facing special development situations related to crisis and disaster. Further, the long-standing presence of UNDP in programme countries and its working relationship with national authorities and civil society facilitate the establishment of collaborative arrangements in all phases of planning, resource allocation and management of programmes of preparedness and recovery; addressing both preventive and curative development.

5. As the focus of development strategies and programmes must change in the context of changing country conditions and needs, development during emergency situations must be adjusted to respond to the constraints and opportunities posed by the emergency. The role of UNDP in such situations is to ensure that the "development dimension" is appropriately addressed at all stages of the emergency; that livelihoods are protected while additive relief efforts seek to save lives. In seeking to bridge relief and development, UNDP supports the resident coordinator to bring together both relief and development partners to identify opportunities to prevent massive population dislocation and address those development-related factors which, without attention, serve to extend or exacerbate emergency conditions. At the same time, UNDP aims to provide for the protection of development assets and establish the foundation elements for recovery.

6. It is a primary function of UNDP to contribute to the creation of a cooperative atmosphere and the building of consensus in the formulation of approaches in which national and international partners can work collaboratively and build synergy in their individual and collective responses to prevent crisis situations and, as necessary, build the foundations for recovery. In this respect, UNDP supports the primacy of in-country management functions in order to effectively respond to volatile crisis environments. In its responsibilities related to the resident coordinator system, UNDP also provides support to maximize the quality of consensus-driven, in-country coordination; a key ingredient in contributing to the sustainability of development initiatives aiming to stabilize volatile environments and reduce vulnerability to crisis.

III. COORDINATION

The role of the resident coordinator in crises

7. In keeping with General Assembly resolution 46/182, the resident coordinator normally coordinates the humanitarian assistance of the United Nations system at the country level and, in these functions, serves under the direction of the Emergency Relief Coordinator and within the framework of the IASC. In responding to the demands of these responsibilities, it is most often

necessary to augment the support to the resident coordinator in providing the required services to the United Nations in-country team and to national authorities. As a member of the IASC and given its broader responsibilities for support to the resident coordination system, UNDP contributes financial and human resources to this undertaking. However, experience shows that the UNDP contribution alone is insufficient; requiring the mobilization of an additional resources at an appropriate level and quality to support the resident coordinator in these responsibilities.

8. In those exceptional cases where, with the agreement of the IASC, humanitarian coordination arrangements are designated to other than the resident coordinator, the role of the resident coordinator for operational activities for development is maintained. In this regard, the resident coordinator continues to be responsible for bringing together those international and national partners which will focus upon the development opportunities and constraints for the country, shall facilitate the formulation of an appropriate development strategy and shall seek to support the implementation of programmes in harmony with relief efforts. At the same time, and in consultation with other United Nations in-country structures addressing the political, security and humanitarian relief dimensions of the emergency, the resident coordinator shall support preparations of a strategic framework for recovery and inter-agency cooperation in programme formulation as well as resource mobilization.

Inter-agency collaboration

9. In order to provide for strengthened collaboration between UNDP and UNHCR, the organizations are finalizing a "framework for operational coordination" which would provide particular attention to working relationships to address the needs of countries facing humanitarian crisis. The framework recognizes the attributions of other agencies of the United Nations system and, in this regard, reflects the agreement to support and cooperate with the Emergency Relief Coordinator and the IASC in contributing towards further strengthening the coordination of emergency humanitarian assistance. The framework describes the objectives to be achieved through strengthened cooperation, is underpinned by an agreed set of basic principles and outlines the scope of cooperation at the country level and the support to be provided in this regard by each respective headquarters. Implementation of the framework has been planned for selected country situations and mechanisms called for in strengthening relationships between headquarters operations are currently being established.

10. Another important advance is the regular collaboration with the United Nations Department of Political Affairs (DPA), Department of Peacekeeping Operations (DPKO), DHA and UNDP in identifying and monitoring volatile situations that might lead to complex emergencies. This interdepartmental framework is also identifying possible weaknesses in post-emergency situations where recovery efforts may be threatened and serves to bring issues of operational concern to decision at a senior policy level.

11. A task force has been formed to facilitate a more effective bridging of humanitarian assistance and development through the concerted efforts of the World Bank, IMF and United Nations specialized agencies, funds and programmes. Efforts to further collaboration between UNDP and the World Bank have focused on

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applied instances of joint assessment and strategy development in order to provide practical experiences upon which to build more formal working relationships on planning and resource mobilization within the framework of the joint UNDP/World Bank task force. In this regard, joint activities to remove the constraints to recovery, in particular to contribute to creating the conditions for the sustainable reintegration of uprooted populations, including demobilized combatants are primary areas of cooperation foreseen by the task force.

12. In order to better maximize capacities to respond to post-crisis recovery needs, the Management Coordination Committee for the United Nations Office for Project Services (UNOPS), confirmed its agreement on cooperation between UNDP, UNOPS and the United Nation Department for Development Support and Management Services (DDSMS) in the field of rehabilitation and reconstruction. The agreement addresses roles and responsibilities related to coordination, programme frameworks, substantive and technical backstopping, resource mobilization, programme design and formulation, execution and implementation as well as monitoring and evaluation.

13. Inter-agency consultations on the approach of UNDP in responding to countries in special development situations, as reflected in the guidelines to TRAC line 1.1.3, were also held with the IASC and with CCPOQ. These meetings provided an opportunity to clarify the concept of the strategic framework which was advocated as a key element in facilitating collaboration among national and international partners to address the development dimension of crisis situations. These meetings resulted in agreements of CCPOQ to support this approach and to work towards participation in its application during 1997. Follow-up meetings were held with many individual organizations, including those with broader responsibilities for collaborative action such as the International Council on Voluntary Organisations (ICVA). Clarifications were provided on the purposes for which TRAC 1.1.3 funds are utilized, in particular, those specifically aimed to contribute to collaborative and coordinated action.

IV. RESPONSE

A comprehensive approach to addressing the development dimension of crisis situations

14. The interrelated nature of the factors which contribute to crisis and which pose a set of constraints to addressing the needs of uprooted populations and fostering recovery requires that they be addressed comprehensively and commensurate with the scale of the crisis and diminished national coping capacity. Further, all opportunities must be explored to address these factors during the crisis; not waiting until an artificial end of the crisis is declared.

15. Within the framework of the Administrative Committee on Coordination (ACC), the Consultative Committee on Programme and Operational Questions (CCPOQ), at its ninth session September 1996, reached a consensus on the basic approach to addressing the development dimension to facilitate recovery from crisis situations and its relationship to humanitarian relief assistance. United

Nations system departments, funds, programmes and agencies, including the Bretton Woods organizations, have agreed that their work should be directed towards harmonizing international and national responses to crisis through cooperative work involving 1) joint situation analysis; 2) input to the political negotiating strategy; 3) formulation of a strategic framework, and 4) collaborative development of an appropriate programme of response. For the future, members of CCPOQ have agreed to explore resource mobilization strategies based upon progress in these four areas of cooperation.

16. The foundation step in this comprehensive approach is bringing together a broad-based in-country situation analysis which reflects a consensus among all operational relief and development agencies and organizations on the principal characteristics of the prevailing environment. This analysis would comprise, inter alia, a joint assessment of human suffering, population displacement, coping capacities, nutritional levels, insecurity, productive capacity and availability of food, fuel, goods, commodities and services.

17. In view of the centrality of the development dimension in crisis prevention and recovery, it is important that the economic and social dimensions of the crisis be clearly articulated in the political negotiating strategy. Implementation of this strategy must ensure adequate consideration of the relationship between political, military and security issues, on the one hand, and the related humanitarian and development imperatives, on the other.

18. Drawing upon the situation analysis, a rational, strategic framework would be formulated, reflecting the policy issues which set the parameters for local, regional and national public administrative systems, the legal framework and the range of macroeconomic considerations and investments, constraints and opportunities for recovery.

19. This framework, in turn, provides the basis for agreement by national and international partners upon which a comprehensive and prioritized response programme would be developed embracing the efforts of all partners and serving to harmonize the planning, programming and financing of the recovery response.

20. In this regard, UNDP support to the resident coordinator system focuses upon the establishment of partnerships with sufficient capacity to enable monitoring, planning, programming and mobilizing predictable resources appropriate to addressing all facets of the development dimension simultaneously and in a timely manner. This will call upon the capacity of UNDP to act as a primary catalyst and facilitator of a collaborative process within the United Nations system as well as among other international partners and national authorities.

21. The role of the resident coordinator, serving as the focal point for the Disaster Management Team (DMT), is critical to the development and maintenance of country-specific and subregional knowledge bases and the formulation of the comprehensive approach outlined above. Further, the role of the resident coordinator in maintaining functional relationships with appropriate national authorities is particularly important in facilitating the response of the United Nations system. In this regard, current mechanisms such as the UNDP Human Development Report (HDR) and the Country Strategy Note (CSN) provide a valuable

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contribution to collating pertinent information and reflecting a consensus on options appropriate to address volatile situations related to crisis environments. The preparation of national HDRs, which include indices of vulnerability, could become a key component in both national humanitarian early warning systems and support in-country strategic analysis.

22. UNDP will continue to work closely with its partners in CCPOQ and in the Inter-Agency Standing Committee (IASC) and will contribute to ensuring that the development dimension is adequately addressed in synergy with the overall humanitarian programme developed in response to particular emergencies. UNDP will facilitate coordination among development partners, including donor organizations in their efforts to bridge relief and development activities and to provide timely and adequate support for programmes of prevention and recovery. In its contribution to the formulation of appropriate strategic frameworks to guide national and international efforts, UNDP will promote cooperation with the IASC, in collaboration with DHA, towards ensuring that these frameworks fully take into consideration those concerns reflected in the humanitarian strategy, represent a smooth transition of relief activities and provide for continuing humanitarian requirements throughout the recovery phase.

23. Meeting the challenges of these responsibilities will require strengthened operational relationships with the traditional development partners of UNDP within the United Nations system, NGOs and bilateral donor organizations. It will also require their support to strengthening and collaborating within the framework of the resident coordinator system. Cooperation in augmenting human resources will be necessary to ensure that situation assessments, political negotiations and the formulation of strategies and programme initiatives address the critical mass of priority development needs and that they are fully linked with approaches and responses to meeting humanitarian relief needs.

Addressing uprooted populations

24. Experience has shown that population groups make determinations about leaving or resettling in communities based upon their individual and collective perception of several considerations. Although not comprehensive, these considerations include a belief that there exists a minimum threshold for safety and security, opportunities for engagement in productive economic activity, availability of basic education and health services and the existence of indigenous conflict-resolution mechanisms that facilitate fair and just determination of land, housing, property and other disputes.

25. Any consideration of response and coordination issues concerning internal displacement situations should be based on a broad perspective including prevention and rehabilitation and the linkage between relief assistance and protection. The phenomenon of large-scale dislocation of populations, characterized by significant numbers of refugees and internally displaced persons (IDPs), requires the United Nations system to maintain accurate and timely information on all facets of this situation. In order to respond adequately with programmes of a preventive nature, factors which promote dislocation in particular instances need to be identified, monitored and analysed. The development and implementation of effective information systems to facilitate ongoing collective analysis and assessment of the nature and scale

of the situation must be flexible in addressing specific country and subregional situations. These systems must enable assessment of all vulnerable areas on a continuing basis in order to facilitate the formulation and implementation of preventive measures as well as reintegration programmes where such opportunities exist during the crisis and, more importantly, when immediate action is required in response to rapid and large-scale movement of people towards settlement. UNDP, in supporting the resident coordinator system would seek to work with relief and development partners within the framework of the Disaster Management Team (DMT) in establishing appropriate information and assessment systems at the country level.

26. While taking fully into consideration the particular requirements of individual population groups, UNDP would focus primarily on the geographic aspect of the situation. In identifying the range of factors promoting dislocation and addressing the conditions of communities most vulnerable to crisis, UNDP would seek to facilitate collaboration among national and international partners in planning and programming to create non-exclusionary development opportunities and reduce tensions over access to scarce resources. At the same time, UNDP assists to address the impact of such dislocation on host countries and communities, specifically, with regard to the social, economic and environmental consequences of the population influx and movements.

27. In combination with the efforts of the humanitarian community to provide for the direct relief assistance and protection focusing upon the specific population groups which are uprooted, UNDP assists to increase the absorptive capacity of communities of settlement towards the reintegration of uprooted populations. Also based upon the entry point of geography, planning and programme implementation must be such as to involve and benefit the entire community. The process, to be led by UNDP in collaboration with international organizations and local authorities, involves the expansion of opportunities for productive economic activities and the building of sustainable local capacities to promote social reintegration with special focus on good governance, including support for the provision of basic social services such as health and education.

28. At the community level, UNDP-assisted area rehabilitation programmes provide an effective framework for cooperation among international and national partners in undertaking needs assessment, reaching agreement on strategic policy directions, programme planning and implementation of response initiatives. The mechanisms utilized by UNDP in this process aim to ensure the full involvement of national authorities and community leaders as a means of ensuring the appropriate prioritization and sustainability of programmes. Further, this approach, in its implementation, is a primary mechanism for building local capacities and coping mechanisms at the community level and serves to strengthen the reconciliation process as well as provide practical and measurable results in support of peace-building.

Addressing constraints to recovery

29. The conditions facing countries in their effort to recover from crisis situations vary and every conflict situation can be said to be unique, especially at the level of detailed analysis and the complexity of motives operating within the crisis environment. However, there appear to be a number

of constraints to recovery which experience suggests are common, or at least require full examination in each situation. The complexity of large-scale crisis situations requires responses which take fully into account the political, security, economic and social dimensions of the crisis; the scale of human suffering and expansion of poverty, the extent of physical and administrative infrastructure destruction, and the diminished capacities of national authorities. Constraints to recovery include persistent insecurity; a volatile social and political environment; limited opportunities for productive economic activity; a significant segment of the population dislocated and unable to assume their full role in the recovery process; an absence of credible and transparent systems for public participation, management and administration, as well as the absence of an appropriate legal framework and a fully functional judicial and enforcement system.

30. In addition to the humanitarian emergency related to death and human suffering inflicted by land mines, UNDP considers the situation of land mines as another important constraint to recovery in that large tracts of land have been rendered uninhabitable and unproductive and the flow of goods, services and people is impeded on key avenues of transport thereby restricting access to productive economic activity, inhibiting the return of uprooted populations and prolonging the requirement for external humanitarian assistance. The problem of demobilizing combatant forces presents further constraints to resolving continuing insecurity, to fostering social and political reconciliation and to resuming productive economic activity and is addressed by UNDP within the context of its activities to support the reintegration of uprooted populations, giving special emphasis to employment generation, labour-intensive public works and micro-credit programmes.

31. In this respect, UNDP considers these constraints to be fundamentally developmental in nature and that the approaches for addressing them are, therefore, developmental; both in concept and in application. National capacity-building, strengthening community coping capacities and establishing functional systems of governance are not considered as sub-themes of the development dimension of broad and comprehensive humanitarian programmes. Rather, UNDP considers that they permeate the national and international response as fundamental approaches to addressing the range of constraints evident in the society.

32. Closer examination of these constraints in the country situation through a common assessment process will indicate the specific nature and extent to which each is operant. It will also indicate the relative need, in each instance, for the adaptation of previous systems to respond to the current situation, in particular, to strengthen indigenous capacities to identify the full range of domestic resources including voluntary effort, financial, physical and other contributions available at all levels of community. This must also encompass identification of needs and approaches to ensure capacities are built to strengthen public participation and accountability in setting priorities, integrating external resources and community management and administration of resources.

33. In support of the resident coordinator system, UNDP will facilitate in-country coordination of strategies and programmes contributing to post-crisis

recovery, associating relief organizations and international financial institutions with traditional development partners. While the need to address humanitarian requirements will be expected to continue, UNDP programmes of recovery aim to address the needs for immediate rehabilitation and reconciliation and to initiate the foundations of long-term development programmes within an appropriate macroeconomic framework, thereby setting the stage for large-scale investment required for reconstruction. In these areas UNDP will provide substantive leadership and seek to associate operational partners within a common framework, reinforcing the concept of national ownership and the commitment of national resources, however limited, in leading a process of sustainable recovery.

V. RESOURCES

34. The financial capacity of UNDP to respond in a timely and effective manner consistent with its role and responsibilities, including support to the resident coordinator system, has been markedly enhanced through the adoption of successor arrangements and the creation of TRAC line 1.1.3. At the same time, the guidelines for TRAC 1.1.3 outline an approach for UNDP to contribute to concerted national and international efforts to raise and channel the additional financial resources necessary to respond to the enormous scope and range of needs in countries coping with crisis.

35. In addressing the development dimension of crisis, it is most important that resources are predictable over a longer period of time than those made available for humanitarian relief activities. Whereas the resources to be made available will represent a small fraction of the needs of the country, it is equally important that all available resources be focused on priority requirements; avoiding the financing of particular sectors to the neglect of others. The principles guiding the work of UNDP in this regard include the centrality of domestic resources and the involvement of national authorities and civil society throughout the process; the need to examine the full range of requirements in all sectors in the context of the total amount of resources likely to be available, and the need to focus resources in a critical mass towards agreed priorities.

36. Through the resident coordinator system, and where appropriate UNDP will promote and provide support towards the preparation of a strategic framework to guide collaborative national and international efforts. This process would include an analysis of the condition of the present economy, including an initial estimate of available domestic resources and the capacity of the existing economy to generate revenue. From this analysis the key policy elements to create confidence and an enabling environment for recovery would be derived and placed within an emerging macroeconomic framework. Through the involvement of primary donor organizations, operational agencies, other international organizations and national authorities in a collaborative process of formulating a strategic framework, initial indications of international resource availability should be determined and, when combined with estimates of available domestic resources, the parameters for the formulation of a comprehensive response programme should be set.

37. UNDP would also support the resident coordinator in working closely with United Nations funds, programmes and other agencies to coordinate the development of United Nations initiatives in the areas of preventive and curative development and to promote joint appeals based on these initiatives. These joint appeals would seek to raise funds to support the United Nations system's work in these areas, particularly for reconstruction and reintegration activities. The principal benefits to be achieved through this approach include 1) mobilizing resources for what the Secretary-General has called preventive and curative development - most commonly, initiatives in the reconstruction and reintegration areas, including community redevelopment and reintegration, rebuilding government capacities, quick impact job creation projects, and other initiatives now common features of the work of the United Nations in development-oriented peace-building; 2) strengthening the capabilities and the resources of United Nations funds, programmes and agencies to respond in these areas, and 3) facilitate better designed United Nations efforts, with better coordination and integration between relief and development activities.

38. In symmetry with existing resource mobilization exercises, such as DHA-led Inter-agency Consolidated Appeals (CAP), Roundtables and Consultative Groups, joint appeals should be integrated to meet the simultaneous though separate relief and transitional recovery requirements of countries concerned. Where appropriate, this may involve preparation of an expanded version of the CAP. The expanded CAP would be comprised of two parts. Part I will focus on emergency relief assistance as well as the process of demobilization, and the initial phase of rehabilitation and reintegration of internally displaced peoples and refugees. A coordinated Part II will focus on addressing the longer-term needs for rehabilitation and reintegration of ex-combatants, internally displaced peoples and refugees, and on governance issues (elections, judicial systems, training of police, institution building, etc.) and longer-term reconstruction and development. This approach would meet donor requirements for careful specification of relief aspects and for stronger coordination between the United Nations relief and development work. At the country level, in cooperation with all concerned organizations, the preparation of Part I would be a humanitarian coordination function, while the preparation of Part II would be a Resident Coordinator function. In such cases, the integration of strategy and approach as well as the linkages between relief and development programmes would be clearly articulated.